Deposit of Nationalised Banks in Kerala

222. SHRI A. VIJAYARAGHAVAN: Will the Minister of FINANCE be pleased to state:

(a) the details regarding total deposit of Nationalised Banks in Kerala for the financial years 1991-92 to 1997-98;

(b) the details of credit given by the banks in the state; and

(c) whether Government will take steps to increase the credit ratio in the State; if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (BANKING, REVENUE AND INSURANCE) (SHRI KADAMBUR M. R. JANARTHANAN): (a) and (b) The aggregate deposit and gross bank credit of nationalised banks in Kerala for the years 1991-92 to 1997-98, as furnished by Reserve Bank of India (RBI) are given below:

(Rs. crore)

Year Ending	Deposits	Credit
March 1992	3771.63	1795.88
March 1993	4556.59	1992.36
March 1994	5493.85	2052.61
March 1995	6468.53	2379.95
March 1996	7132.05	2855.14
March 1997	8210.98	3188.65
March 1998	9424.73	3743.16

(c) The flow of bank credit in a particular state depends upon various factors such as availability of adequate infrastructural facilities, credit absorption capacity of the State, development of large and medium industries, conducive atmosphere for investment, entrepreneural initiative and satisfactory recovery position of the banks dues. A Task Force constituted by RBI to go into the reasons for low credit deposit ratio and to suggest measures for increasing the flow of credit in Kerala has already submitted its report containing several recommendations. Implementation of these recommendations is an ongoing process and the progress in this regard is monitored periodically at the State level Bankers' Committee. In addition, many banks have opened specialised branches for catering to the need of Small Scale Industries (SSI), Hi-tech Agriculture, and exporters and participate in conducting Entrepreneurial Development Programmes for developing entrepreneurship.

Proceedings against Persons for not filing Income Tax Returns

223. SHRI GHUFRAN AZAM: Will the Minister of FINANCE be pleased to state:

(a) whether the Income Tax Department propose to initiate proceedings against more than 4 lakh residents of the capital who have not filed their Tax returns despite having immovable properties, credit cards, telephone and other assets;

(b) if so, the details thereof;

(c) whether a large number of persons in Delhi who have filed Income Tax returns gave false information and evading Income Tax to the tune of several crores of rupees; and

(d) if so, what action Government propose to take in such cases?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (BANKING, REVENUE AND INSURANCE) (SHRI KADAMBUR M. R. JANARTHANAN): (a) and (b) As a measure to widen the tax base, it has been made mendatory to file a return of income by every person who fulfills any two of the four economic criteria i.e. ownership of certain immovable property, ownership of a motor vehicle, subscription to a telephone, expenditure on foreign travel etc., specified in proviso to section 139(1) with effect from 1.4.97.

The scope of this provision has further been widened with effect from 1.8.98, whereby even if one of the six criteria is be fulfilled, a return of income is required to be filed in Form No. 2C, the additional two criteria being membership of certain clubs and holding of certain credit cards. This provision has been brought in the statute on the presumption that any person who fulfills such conditions is likely to have taxable income.

The Department is collecting and collating information of persons covered by these economic criteria and whereever such persons have not filed the returns of income, letters and notices calling for the same are being issued.

(c) and (d) Every year the Department receives returns of income from persons having taxable income and those liable to file return, under the provisions of Income tax Act, 1961. All returns received are processed for any prima-facia adjustments permissible under the law. Further, these returns are examined to see whether there is any need for detailed scrutiny. The cases which are selected for scrutiny are checked thoroughly after verification of all details submitted as well as obtained from the assessee and third parties. Besides the routine assessment procedure, information in case of suspected tax evasion is also collected through the Investigation wing of the Department and such information is used in bringing to tax the correct income. In serious cases of tax evasion, search and seizure operations are also undertaken by the Department through its Investigation Wing.

Opening of insurance industry to Indian and foreign private companies

224. SHRI SITARAM KESRI:
SHRI P. PRABHAKAR REDDY:

Will the Minister of FINANCE be pleased to state:

(a) whether it has been decided to open the insurance industry to the Indian and foreign private insurance companies;

(b) if so, the details thereof and by when the proposal is likely to be implemented; and

(c) what steps have been taken to safeguard the interests of the Indian companies in the sector?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (BANKING, REVENUE AND INSURANCE) (SHRI KADAMBUR M.R. JANARTHANAN): (a) to (c) In the Budget Speech for 1998-99 the Finance Minister has announced that the insurance sector will be opened to competition from private Indian companies. It is proposed to allow private Indian companies in insurance sector including joint ventures where limited foreign equity participation would be allowed. To regulate, promote and ensure orderly growth of the insurance industry a statutory Insurance Regulatory Authority is proposed to be set up. A Bill in this regard is expected to be introduced in the Winter Session of Parliament.

Foreign currency rating of India

225. SHRI RAJUBHAI A. PARMAR:
SHRIMATI VEENA VERMA
SHRI AKHILESH DAS:

Will the Minister of FINANCE be pleased to state:

(a) whether as reported in the Hindu of August 11, 1998 Duff and Phelps Credit Rating Company (DCR) has downgraded the foreign currency rating of India to BB plus from BBB minus and the local currency rating to BBB from BBB plus;

(b) the extent of fiscal slippage forming the basis of the downgrading of foreign currency rating; and

(c) how it has affected the imports and exports trade of India during the intervening period and the steps taken to arrest the drift?